

Message Text

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C O N F I D E N T I A L EC BRUSSELS 0779

E.O.11652: GDS

TAGS: EEC PO US AIDA

SUBJECT: ECONOMIC ASSISTANCE TO PORTUGAL

1. SUMMARY: JANUARY 25 PIERRE DUCHATEAU, DIRECTOR FOR NORTH, CENTRAL, AND SOUTHERN EUROPE IN DG I (EXTERNAL RELATIONS), COMMENTED TO US ON THE RECOMMENDATIONS WHICH THE EC COMMISSION STAFF IS PREPARING FOR THE EC COUNCIL REGARDING PORTUGAL'S DESIRE FOR EARLY ACCESSION TO THE EC, AND ASKED FOR ANY INFORMATION THE U.S. CAN PROVIDE ABOUT PORTUGAL'S NEEDS FOR ECONOMIC AND FINANCIAL ASSISTANCE. END SUMMARY.

2. DUCHATEAU SAID THAT SINCE THE EC COUNCIL MEETING ON JANUARY 18, AT WHICH CONSIDERABLE RESERVE WAS REGISTERED BY SOME OF THE FOREIGN MINISTERS REGARDING AN EARLY PORTUGUESE APPLICATION FOR MEMBERSHIP (EC BRUSSELS 545) TWO THINGS HAVE OCCURRED WHICH WILL INFLUENCE THE PAPER WHICH DUCHATEAU AND HIS STAFF HAVE BEEN ASKED TO WRITE FOR THE COUNCIL ON THE SUBJECT:

(A) THE PORTUGUESE AMBASSADOR HAS FORCEFULLY TOLD COMMUNITY OFFICIALS THAT THE COUNCIL'S JANUARY 18 ATTITUDE WOULD, IF MAINTAINED, DESTROY SOARES POLITICALLY AND DRIVE PORTUGAL BACK TOWARD A RIGHT-WING MILITARY DICTATORSHIP; AND
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(B) VICE PRESIDENT MONDALE DESCRIBED TO THE COMMISSION JANUARY 24 THE IMPORTANCE THE USG ATTACHES TO FORMING AN INTERNATIONAL CONSORTIUM TO STABILIZE THE PORTUGUESE ECONOMY. AS A RESULT OF THESE DEVELOPMENTS, ACCORDING TO DUCHATEAU, THE COMMISSION STAFF WILL RECOMMEND THAT SOARES BE GIVEN A "POLITICAL YES" ON ACCESSION WITH THE UNDERSTANDING THAT THERE WOULD BE A LENGTHY

TRANSITION PERIOD DURING WHICH THE INTERNATIONAL CONSORTIUM BEING BRUITED BY THE U.S., AND A "EUROPEAN MARSHALL PLAN" FOR PORTUGAL TO BE SET UP BY THE EC, WOULD WORK JOINTLY TO STABILIZE PORTUGAL'S ECONOMY AND SUFFICIENTLY DEVELOP IT SO THAT AT THE END OF THE TRANSITION PERIOD THE PORTUGUESE ECONOMY COULD WITHSTAND THE STRAIN OF EC MEMBERSHIP.

3. IN PREPARING THE COMMISSION PAPER, DUCHATEAU IS URGENTLY TRYING TO UP-DATE THE COMMUNITY'S DATA BASE ON PREVIOUS AID TO PORTUGAL, PORTUGAL'S PRESENT AND PROJECTED NEEDS, AND LIKELY SOURCES OF ASSISTANCE. HE HAS ASKED THAT WE PROVIDE HIM ANY INFORMATION AVAILABLE TO THE USG ON THIS SUBJECT. IN JANUARY, 1976, WE PASSED TO THE COMMISSION THE INFORMATION CONTAINED IN STATE 297463 OF DECEMBER 17, 1975, ON US ECONOMIC ASSISTANCE TO PORTUGAL FOR FY 1975 AND THE FIRST MONTHS OF FY 1976. WE BELIEVE THIS GIVES US AN EXCELLENT OPPORTUNITY TO FACTOR OUR VIEWS, ANALYSES, ETC. INTO EC PLANS AND THEREFORE WE WOULD APPRECIATE RECEIVING SOONEST, FOR TRANSMITTAL TO DUCHATEAU, THE FOLLOWING:

(A) DETAILS ON US ASSISTANCE TO PORTUGAL SINCE DISPATCH OF STATE 297463 REFERRED TO ABOVE;

(B) ANY SUPPORTING ANALYTICAL WORK ON PORTUGAL'S NEEDS AND OTHER NON-US ASSISTANCE, I.E. IBRD; AND

(C) WHATEVER MORE CAN BE SAID RE OVERALL SIZE, PURPOSE, AND (IF AVAILABLE) LIKELY US COMPONENT OF BILLION DOLLAR PLUS INTERNATIONAL EFFORT US AND OTHERS ARE NOW MOUNTING, TO WHICH VICE PRESIDENT REFERRED IN TALKS WITH COMMISSION JANUARY 24, WITH CONFIDENTIAL

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FURTHER INPUTS AS THE SITUATION EVOLVES. HINTON

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